

GLOBAL NEWS LINE

CANADA

Next to the U.S. government, the Canadian government is the largest purchasing entity in the world, procuring in excess of \$10 billion in goods and services annually. Canada offers the most open, accessible, and transparent public sector market for U.S. goods and services outside of the United States. Public Works and Government Services Canada (PWGSC) is the Canadian government agency responsible for federal procurement.

Through PWGSC, the Canadian government procures 17,000 different types of goods, services, and construction yearly, with a total value of more than \$7 billion. PWGSC handles the procurement for approximately 100 federal departments and agencies, as well as contracts for major Crown projects.

The government of Canada is a significant purchaser of IT products, including software, hardware, and peripherals. According to PWGSC, during 2001–2002, the Canadian government procured approximately \$1.5 billion worth of IT products and approximately \$275 million in off-the-shelf and custom-made software.

HUNGARY

Extensive subsidies for prescription drugs cover two-thirds of the costs of most drugs but require nearly 20 percent of total health-related expenditures. The government's power to determine prices and which drugs are subsidized has a profound influence on the pattern of drugs sold. The government has authorized the introduction of many innovative drugs; nearly 10 percent of the total 5,500 drugs were newly registered in 2001. However, the government is now slowing the adoption of new drugs and stressing the substitution of generic products. The consumption of over-the-counter products is lower in Hungary than in other industrialized countries due to

long-standing traditions. Domestic drug production has been around for a long time in Hungary, but the domestic industry is consolidating. Two-thirds of consumption is now imported. U.S. firms control more than 20 percent of the country's drug market. Marketing and sales practices in Hungary are similar those in Western countries. Registration is fully compatible with EU regulations. Hungary's intellectual property rights laws are adequate, except for the lack of protection of confidential pharmaceutical test data. Best prospects in Hungary include cardiovascular and oncological drugs.

Hungary's pending membership in the European Union is already improving standards for environmental protection. As Hungary harmonizes its standards with the union in anticipation of May 2004 accession, this has created unprecedented opportunities for providers of environmental services and technology. Local governments have financed improvement projects that are subsidized by Hungarian state funds, as well as by international banks and credit agencies such as the European Bank for Reconstruction and Development, and the Export-Import Bank of the United States. Increasingly, funding for environmental projects will come from EU structural funds in their various forms, such as ISPA, Phare, and SAPARD. In most cases, these EU funds require local Hungarian matching funds, which can be as high as 11 "Hungarian euros" for each "EU euro."

The Hungarian environmental industry consists of some domestic 2,200 organizations—mostly small and medium-sized businesses offering a variety of products and services. They are limited by their size, lack of sophisticated personnel, and poor access to international financial markets. Foreign technology providers who can work with these firms and guide them and their clients to finding

financial resources can gain access to lucrative large-scale projects. Joint ventures between Hungarian partners and American, German, French, Austrian, or Italian partners generate about half of all environmental sales. U.S. companies can be very effective in this sector, but they now have only a 5-percent market share in Hungary. The most common obstacles U.S. firms face when doing business in Hungary are difficulty in adapting to European sizes and standards, unfamiliarity with the practical application of EU guidelines, Hungarian lack of familiarity with U.S.-brand technologies, and less need in Hungary for industrial operations of the American scale.

Best prospects for U.S. businesses include supplying low-waste and recycling technologies, soil remediation, bio-energy and waste-to-energy projects, and wastewater and water treatment solutions.

VIETNAM

Vietnam's health sector is still in fundamental stages of development. In the year 2000, Vietnam had nearly 1,000 hospitals (including state-owned and private hospitals) with 250,000 beds total. According to the World Bank, the bed utilization rate is only 14.8 beds per 10,000 people. This is very low compared with other Asian nations. Most of the hospitals are unsanitary and poorly equipped. However, the sector has experienced some positive changes over the past few years as a result of general economic growth and more open policies that invite private sector participation. Incentives are being offered for construction of hospitals, production of pharmaceuticals, and modernization of medical equipment.

In recent years, the government has made modernization and upgrading of health care facilities a priority. The government has demonstrated its commitment to health care by providing a

larger budget dedicated to improving the sector.

From now to 2005, the government will spend about \$1.3 billion to build 76 new hospitals. Approximately \$700 million of that \$1.3 billion will be used for purchasing new equipment. From 2005 to 2010, the government will spend about \$1.8 billion to build 57 new hospitals, of which more than \$1 billion will be spent on medical equipment. In addition, the Ministry of Health has launched an ambitious initiative to develop high-tech centers nationwide, and to increase the number of skilled and well-trained medical personnel.

SOUTH KOREA

The total value of the South Korean market for telematics equipment and solutions increased from \$2.5 million in 2001 to \$65 million in 2002. "Telematics" is a combination of the words telecommunications and informatics. Telematics provides drivers and passengers with real-time information on navigation and traffic, safety and emergencies, remote vehicle control and diagnoses, and intelligent transportation, as well as wireless communications, multimedia and entertainment, and e-commerce, through a wireless network. Over the next three years, South Korean market demand is projected to increase at an annual average rate of 100 percent, reaching \$510 million by 2005. Although the market for telematics equipment and solutions is presently in its infancy, South Korea's automobile manufacturers and wireless service providers have all embraced telematics services, ensuring a huge market potential for suppliers of related equipment and solutions. Other factors that support the forecast for strong market growth include projected growth in the number of registered vehicles in South Korea from 14 million units presently to 19 million by 2009; strong wireless penetration of more than 30 million subscribers in a population of 47 million; and Koreans' early adoption of new wireless technologies. Best prospects for U.S. suppliers include solutions and terminal components.

South Korea is the second-largest health care market in the Asia-Pacific region, surpassed only by Japan. The South Korean market for dental equipment and devices has increased rapidly over the past few years in line with the country's economic growth and increasing consumer demand for dental care. In 2002, the South Korean market for dental devices and equipment was valued at approximately \$250 million, and imports were valued at \$198.51 million, representing about 82 percent of the total market. One of the major drivers of growth of market demand for dental equipment and devices has been the rapid establishment of new dental clinics as many newly qualified dentists begin their private practices. Also contributing to the growth in demand is the trend among younger dentists to form large-scale clinics in order to offer more services and to increase revenues.

JAPAN

The number of the Japanese students who wish to enroll in U.S. colleges straight from Japanese high schools is increasing. Japanese students' interest in studying in colleges in the United States is strong, but Japanese high school seniors' English skills are insufficient to enroll in most four-year U.S. universities. Japanese students, parents, and the study abroad industry have become aware of the merits of U.S. two-year colleges, where the required TOEFL score is generally lower than that for four-year colleges, and where the tuition and living expenses are often not more than what would cost them for college education in Japan. There is rapidly growing market for U.S. two-year colleges, especially for those with transfer programs.

Education is big business. International students pay for tuition, meals and lodging, travel, shopping, and other activities in the United States. International students spend \$11 billion in the United States every year. Education is the United States' fifth-largest service export.

Among international students in the United States, in 2001–2002 the

number of Japanese students dropped from third to fourth rank, following India, China, and South Korea. Probably affected by slow Japanese economy, the number of Japanese students in the United States increased only by 0.7 percent from the previous year (versus a 22.3-percent increase from India, 5.5 percent from China, and 7.4 percent from South Korea). However, whereas the majority of students from these three other countries enroll in graduate or advanced programs, the majority of Japanese students in the United States enroll in undergraduate courses. For U.S. undergraduate programs, Japan is the number one international market.

Many Japanese students often find it better to enroll in a two-year college first and then transfer to a four-year university after they acquire some undergraduate credit and improve their English skills.

Japan's study abroad industry is aware of the lower tuition and other expenses at two-year colleges. And due to the prolonged economic recession, the demand for lower-cost education is increasing. Indeed, in many cases, the total tuition and living expenses for a two-year college education in the United States are lower than that for junior/four-year college in Japan. ■

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